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ABSTRACT

The present financial crisis in the world's developing nations, as evidenced by the external debt situation in Latin America, is forcing governmental decision makers to make some very hard choices regarding the financing of education. In times of such hard choices, it is important that those responsible for funding education in developing nations not forget that investments in education are in reality investments in human capital and that eventually they lead to increased economic productivity. It is also important to remember that educational programs must respond to the socioeconomic needs of those who are being educated rather than of those who are funding the programs. Education must enable students to enjoy a better quality of life. This is especially true in the case of vocational-technical schools. Particularly in developing nations, specialized skills can probably be better acquired through nonformal training rather than in a conventional school setting. Although it is always important that educational systems be productive, the issue of productivity becomes especially important in times of financial crisis (as at present). Those responsible for financing development programs should also remember that, in the final analysis, development is a function of education rather than vice versa. (MN)

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"DEVELOPMENT FUNDING ASSISTANCE: CHANGING EMPHASIS ON FACILITIES, PROGRAMS AND MANAGEMENT"

Participation of Mr. Mauricio Herman, Senior Advisor of the Project Analysis Department of the Inter-American Development Bank, 1/ in the initial panel of the 1987 International Vocational Education and Training Association (IVETA) Conference, in Las Vegas, Nevada, December 4-8, 1987.

At the very outset let me toss at you the first of eight propositions, some of them controversial, others truisms, around which I intend to build my presentation.

PROPOSITION No. 1: "IN TIMES OF PLENTY THERE IS NO NEED FOR HARD CHOICES". The reverse, of course, being "You have to make hard choices in times of scarcity".

Undoubtedly, these are times of scarcity; scarcity in investment resources for education, not only in underdeveloped countries but in the U.S. as well.

Ergo, hard choices have to be made, which is not necessarily bad. As a matter of fact, a noted Latin American economist once spoke of the beneficial effects of adverse conmotions, by which he meant what popular wisdom expresses as every cloud has a silver lining.

The present financial crisis in the developing world clearly evidenced by the external debt situation of some of the most important LDC's,

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1/ The views herein expressed do not necessarily reflect the official position of the Inter-American Development Bank on these matters.

particularly in Latin America, is forcing governmental decision makers to make some very hard choices indeed regarding the financing of education.

PROPOSITON No. 2: "EDUCATION IS BASICALLY A CAPITAL INVESTMENT AND NOT A CONSUMER GOOD." The difference between a literate and an iliterate person, between a skilled and an unskilled worker, is definitely an investment in human capital. That particular individual not only becomes a better citizen in societal terms, but also can be counted on to be more productive, in economic terms, which is precisely the purpose of a capital investment. This principle long recognized by economists and education specialists, is still far from general acceptance in development funding circles.

Obviously, one can easily envisage education for education's sake, the acquisition of trivial knowledge for self-gratification purposes (some of the non-formal adult education courses would seem to live up to this description). These activities belong more in the consumption category than in the investment side of the equation. But, even seemingly irrelevant knowledge (is there any sense to teaching the masses Algebra in an age of user friendly P.C's?) serves to provide what economists call externalities (or serendipities according to system analysts), like logical thinking, sharpened problem-solving skills, etc.

We come then to PROPOSITION No. 3: "EDUCATIONAL SYSTEMS MUST RESPOND TO SOCIO-ECONOMIC NEEDS". It is incredible our desire to standardize things. We tend to copy and accept models from other societies without seriously questioning their pertinence and relevance. This phenomenon occurs not

only in educational approaches but, also in consumer tastes (what I have baptized "the coca-colization process of LDC's") and even in technological choices (high-tech capital-intensive solutions in the face of high unemployment or massive underemployment in the country).

Furthermore, we are married to solutions from the past. We resist change and tend to hold on, maintaining shibboleths from previous generations. How do you rationally justify extended summer vacations for school children in a society which is no longer agricultural? How can we still be thinking in terms of "finishing" one's education after college or high school in an era of such rapid technological change?

By the same token, why do we insist in maintaining programs, whether in primary or secondary schools, which might have been appropriate for the generation of our parents but which turn students off because of their irrelevance to present day conditions.

This is particularly valid in the developing countries where educational systems many times follow exogenous models where even the illustrations and the examples used in the text books have very little to do with climatic conditions or everyday situations faced by the students.

We must go back to what the central purpose of education is supposed to be, so our PROPOSITION No. 4 is: "EDUCATION MUST ENABLE THE STUDENT TO ENJOY A BETTER QUALITY OF LIFE". This is not a lyrical declaration or an abstract postulate. It is a very concrete, tangible, personalized objective. Each and everyone of us, should be able to enjoy a better quality of life as a

result of the education we receive. The communication skills we acquire, learning to speak from our parents or to read and write from our grade school teachers, allow us to interact better with out fellow human beings; the cognitive skills taught to us in primary and secondary school, permit us to deal better with the environment around us; the specialized abilities we develop all through life, including not only our school years but also continuing education, determine in the last analysis the capacity we shall have of satisfying our basic needs and beyond; finally, our higher values lead us to the pursuit of cultural and spiritual knowledge.

But it is our marketable skills that allow us, in an exchange economy, to purchase the goods and services, which represent the material side of the better quality of life. Consequently, our PROPOSITION No. 5 reads: "EDUCATIONAL SYSTEMS MUST ENSURE THAT STUDENTS DEVELOP USEFUL (READ MARKETABLE) SKILLS/ABILITIES". As expressed in a recent document of the Economic Commission for Latin America and the Caribbean (ECLAC): "the link between education and work ...., in its simplest form, (it) involves providing human resources with sufficient educational training to adjust to the desired and foreseeable changes in production..." 2/.

This proposition goes beyond the traditional concept of technical/vocational education. It starts with the philosophical premise that in any hierarchy of values, the basic ones must be attained first. In

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2/ "The Crisis of Social Development: Challenges and Possibilities". Document for the Conference of Ministers of Education and Ministers Responsible for Economic Planning of the Latin American and Caribbean Member States, Bogotá, Colombia. March 30-April 4, 1987.

other words, as Saint Thomas Aquinus contended, you cannot devote yourself to higher pursuits on an empty stomach. First, you must be able to attend to your basic needs; everything else comes later.

Furthermore, the development of useful/marketable skills is not an exclusive responsibility of technical/vocational schools. On the contrary, the whole system must have that orientation; but in the case of technical vocational schools, they would seem to lose their very reason for existance if they do not satisfy this elementary proposition.

Consequently, educational administrators at the technical vocational level must be permanently on the lookout to detect shifts in the demand for occupational skills so as to guarantee the external efficiency of their particular stratum of the educational pyramid.

Otherwise, the labor market itself will reject the output of the technical/vocational schools, and employers themselves, will train the workers with the skills the production process calls for.

Our PROPOSITION No. 6 goes a step further and states: "SPECIALIZED SKILLS CAN PROBABLY BE BETTER ACQUIRED THROUGH NON-FORMAL TRAINING RATHER THAN IN A CONVENTIONAL SCHOOL SETTING".

It is a well accepted fact that learning takes place not only in the school but also at home, at work, and just about at every moment and place of a person's daily life.

That being so, it makes very much sense to attempt to identify what the most appropriate circumstances are for a person, or group of persons, to learn/acquire a particular skill or ability.

The whole discussion of internal efficiency of training systems reveals the concern of both educators and economists for more cost-effective approaches. It would seem that non-formal education schemes, whether at school or in the shop, offer the highest degree of flexibility for adjusting supply to rapid changes in demand.

A more systemic view appears to be called for; rather than separate, practically autonomous, sub-systems of family, school and work, we should try to coordinate their activities, exploiting to the maximum the capabilities of each and ensuring a smooth transition from one to the other. What I have in mind is simply using the shop as a school, the school as a place of work, and the home as both. Coordinating measures among these separate worlds are required; to eliminate, for instance, the bottlenecks in some levels of formal education, and the underutilization of capacity in others; to permit flexibility in shifting from one type of studies to the other; to utilize the facilities of production centers as school shops and conversely to use school classrooms for community purposes; to recognize extra-curricular activities and experiential periods for formal certification. In summary, to work towards a symbiotic relationship between the individual and the society around him.

Our PROPOSITION No. 7 states: "PRODUCTIVITY OF THE EDUCATIONAL SYSTEMS MUST INCREASE, PARTICULARLY AT THIS TIME OF CRISIS, IN THE LDC's". Latin America simply cannot afford inefficiency in its educational systems.

It has become quite obvious that governments in the LDC's are finding it increasingly difficult to allocate a growing proportion of GDP to the social sectors. In the case of Latin America, the 1987 report of the Inter-American Development Bank on Economic and Social Progress in Latin America states that "... in several cases the reaction to the crisis has been, among other things, to reduce social spending not only as proportion of GDP, but as a proportion of central government expenditure. This neglect of the social sectors constitutes a mortgage that will eventually fall due". It went on to say ".... the countries of the hemisphere must use their scarce resources efficiently and creatively, and understand that spending on human capital is as important as, if not more important than, physical investments".

Fortunately, the infrastructure of education in Latin America seems to be mostly in place. To quote once again from the IDB Report "...enormous progress has been made on educational coverage of the school age population, at least in the formal sense of matriculation, during the past quarter of a century". In the age group 6-11, in 1985, 18 out of 23 member countries had an enrollment rate of 75% or more, and 2 more came very close; only 1 country was below 50%. For the 12-17 age group, 20 countries had an enrollment rate of over 50%, and for the age group 18-23 the rise in enrollment rates can only be described as spectactular; while only 4 countries had more than 10% of this age group matriculated in 1960, all but 2 had higher rates than 10% in 1985.

As the Report itself concludes "... the question must be raised whether the educational challenge is undergoing a major change, from quantity to quality".

PROPOSITION No. 8: DEVELOPMENT IN THE LAST ANALYSIS IS A FUNCTION OF EDUCATION, AND NOT VICE-VERSA.

Development is a broader term than growth. It implies not only a quantitative increase but also a qualitative modification. A human being grows when he gains a few centimeters in height or adds some pounds to his weight; he develops when his knowledge increases or his physical coordination improves.

If we were concerned exclusively with growth, at a country level, economists would have a much easier task, for growth without development is much easier to achieve, as evidenced by the spectacular increase in GNP of some oil producing countries. The problem is that we strive for development, and man is both the reason and the cause of development.

This is where education comes in. We need education for development, but development in its true, broader sense. A country is developed today when its inhabitants enjoy not only a high per capita income but also a quality of life which fully reflects the value hierarchy of contemporary society.

Finally, ladies and gentlemen, we come to the real essence of the problem. We simply must provide more and better education for the up coming generations so that we may continue to develop; how we do it, in this time

of crisis, is going to tax our best creative and organizational talents. Existing investments in infrastructure facilities must be used to the maximum (economists would speak of an increased capital/output ratio); new technologies must be utilized; joint efforts between the educational community and the rest of society must be undertaken and, most importantly, man himself, in developed or developing countries, here or abroad, everywhere, must rededicate himself to the noble task of making this world a better place to live in, so that we can all attain fully the destiny the good Lord set for us.

Thank you for your attention, and I will gladly attempt to answer whatever questions you may have. Thank you again.